

## GLOBAL NEWS LINE

### THE NETHERLANDS

U.S. suppliers of electrical power generation and transmission equipment are not hampered by tariff or non-tariff barriers in competing for Dutch power sector contracts. Still, the share of U.S. manufacturers of power-related equipment on the Dutch market remains relatively small. Except perhaps for one manufacturer of gas turbines, there is virtually no U.S. presence. This is not the result of a noncompetitive environment, but can be attributed chiefly to Dutch power sector preference to expand power-generating capacity through turnkey projects instead of company-managed projects. The absence of local representatives to manage turnkey projects prevents U.S. manufacturers from effectively entering the Dutch market for power generating equipment. Finding local partners is, therefore, apparently the key prerequisite to successful penetration of the Dutch energy market.

In the Dutch oil and gas sector, 13 oil and gas exploration and production companies and some 300 suppliers of equipment are active. Total sales of the suppliers amounted to \$4 billion in 2000. Dutch suppliers to the oil and gas industry hold 70 percent of the total market. There are also 10 international engineering firms that are active within these industries, five of which are capable of designing and building complete exploration and production offshore rigs. While U.S. suppliers of equipment and production for the oil and gas industry enjoy a good reputation, their market share remains limited. Again, local agents and distributors provide the best route for U.S. companies trying to capture a bigger share of this market.

Through the establishment of partnerships with domestic suppliers, U.S.

firms can effectively meet domestic competition and penetrate the Dutch market for renewable energy equipment. American suppliers of advanced solar energy systems, especially photovoltaic and biomass systems, have comparable prospects in this market.

### SPAIN

Aiming to further open the mobile communications market, the Spanish Government has announced its intention to finally establish the legal framework for Virtual Mobile Network Operators (VMNO) by the end of February 2002. If so, this will end a 14-month dormant period since the original announcement was made.

The new legislation for VMNO, long been favored by CMT, is intended as a means to increase competition. However, it is not yet known whether the new regulation will force the dominant incumbents to offer competitive rates and conditions to VMNO's entering the market. If there are no means to impose obligations on the incumbents, the law will merely establish the concept of allowing the existence of virtual operators, without requiring the incumbents to adhere to a specific course of action that provides for access at fares deemed commercially competitive.

The discussions regarding VMNO's is also taking place at the European Community levels as well. There is considerable interest in addressing the high roaming cost experienced by European users as but one specific topic. It is possible that a directive seeking to harmonize the member states legislation on this matter could be advanced by Brussels in the near future.

### ITALY

The Italian market for the assessment and remediation of contaminated sites

is expected to undergo strong growth over the next three to five years (first because it is in the relatively early stages of its development, and second because of the recent passage of favorable legislation). The Italian Government has recently approved the Ministerial Decree n. 471/99, a new legislation establishing criteria, procedures and methods for safety and clean-up actions and for environmental restoration of contaminated sites. This new legislation also defines the general criteria and procedures for site sampling, chemical analyses, and data elaboration.

Market opportunities could develop for U.S. environmental consulting and risk assessment companies, as well as for those U.S. companies offering innovative products and technologies. It is important that U.S. engineering and remediation services companies seeking to do business in Italy not only understand the complicated regulatory and legal framework in Italy, but also team up with local firms familiar with the preparation and submission of product approval applications.

### MOROCCO

Although franchising in Morocco started in the 1960's, it has only flourished during the last 15 years and has become an investment trend among middle-age entrepreneurs. In fact, the progress of franchising activity shows two periods. Before 1990, the growth rate of franchising was one opening every five years. After 1990, a new franchise appeared every two to six months, with a 73 percent growth rate over the last three years.

Today, franchising activity in Morocco is present through 80 networks and 400 sales outlets, owned and operated by 200 franchisees, 40 of which are master franchisees. The distribution of sales outlets shows a strong concentration in

the metropolitan area of Rabat-Casablanca due to its high population density and purchasing power.

Concerning performance, a survey conducted by the Ministry of Industry and Commerce in 1997 showed that 42 networks generated 1,600 jobs and that 19 franchises posted \$27 million in sales.

The analysis by country of origin shows the predominant position of French franchises, which represent 34 percent of the market with 27 franchises. American franchises occupy the second rank with 15 brands and 19 percent of the market. American franchises have the lion's share of the food business, car rental, and education. Although 83 percent of the franchises are imported, young Moroccan entrepreneurs have developed 13 franchises, considered as the most efficient way of expanding their businesses, allowing them to acquire national notoriety without tremendous investment

However, the Moroccan market is far from saturation and new niches are worth exploration. Micro-franchising in Europe has proven to be the survival tool for small convenience retail such as grocery stores, butchery, bakery, pre-cooked food etc. In fact, in order to face the competition of large distribution, the smaller retailers are encouraged to be part of a large business group (franchise), and receive the managerial and promotional support of the franchiser.

American brands are well perceived and highly appreciated by the Moroccan consumer, especially in food service. However, many potential buyers of a franchise would be reluctant to pay a high franchise fee. They prefer to pay higher royalty rates as they are determined to make the business profitable. Therefore, proposals of franchises with a moderate franchise fee may receive a larger audience.

## URUGUAY

**ANTEL, the state owned telephone company, has negotiated with a local bank (BROU) a financing package for its clients to purchase PCs.** The financing will cover PCs, accessories and prepaid Internet cards for six months. Payments will be made through the customer's monthly telephone bill, and customers in this plan will also have reduced Internet connectivity rates. An aggressive advertisement campaign is underway, and ANTEL is now seeking stores to participate in the program.

This initiative supports ANTEL's MERCURIO plan, which aims to promote widespread Internet access for 450,000 potential clients. With this new financing initiative, ANTEL expects to capture 10 percent of the market during 2002. According to official data, 20 percent of telephone lines are already connected to the Internet.

At an approximate value of \$50 million, hardware equipment and accessories were the number one U.S. export item to Uruguay in 2001. Although overall imports have declined, imports of hardware equipment and accessories are expected to continue to grow.

## KOREA

**Korea's Geographical Information Systems (GIS) market has been growing steadily, and it is estimated that it will grow annually at a very robust rate of 30 percent year through 2005.** The total size of the GIS market in 2001 was \$363.1 million. This is projected to increase to \$456 million in 2002.

Entering the 21st Century, Korea has bold plans to achieve a world-class level deployment of information technology (IT) with its governmental organizations taking the lead. In particular, geographic information systems (GIS) will

play a central role in the Korean government's environmental monitoring and land management programs.

The Korean GIS market is heavily dependent upon procurements by governmental entities. The Korean government has begun preparation for the second phase of its 5-year National GIS (NGIS) plan that runs from May 2001 to May 2006. The total NGIS budget for 2002 is U.S. \$84.4 million. The Korean government considers road infrastructure, land management information and intelligent transportation systems (ITS) as the most urgent areas for GIS implementation allocating \$34.6 million to cover these three areas, which accounted for 41 percent of the total NGIS budget in 2002.

The U.S. continues to maintain its dominance of the GIS import market. The U.S. held 88 percent of Korea's import market share, as total sales reached \$191.16 million in 2000. It is estimated that the U.S. exports of GIS equipment and services to Korea will grow at an average rate of 25 percent per year through 2005. The future is bright for U.S. suppliers of GIS products and services because Koreans recognize and demand the innovative software and technology developed by U.S. industry.

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